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**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND DEALING WITH RELATED PARTY TRANSACTIONS**

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Introduction & Purpose:

The Board of Directors of Pondy Oxides and Chemicals Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy to regulate transactions of the Company by Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other laws and regulations as may be applicable to the Company, prescribed for related party transactions.

Definitions:

- a) **Related Party:** A Related Party shall have the same meaning as defined under the Act and the Listing Regulations including subsequent modification thereof.
- b) **Related Party Transaction (“RPT”):** A Related Party Transaction shall have the same meaning as defined under the Act and the Listing Regulations including subsequent modification thereof. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.
- c) **Material Related Party Transaction:** Material Related Party Transaction means a transaction / transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds as defined under the Listing Regulations.
- d) **Arm’s Length Basis:** RPT will be treated to be on ‘Arm’s Length Basis’ if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- e) **Ordinary Course of Business:** RPT will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

- f) Material Modifications:** Material modifications shall mean and include any modification to an existing Related Party Transaction having variance of 25% of the existing limit as sanctioned by the Audit Committee / the Board / the Shareholders as the case may be.

Manner of Dealing with Related Party Transactions:

a) Identification of related parties:

The Company identifies and updates the list of related parties on the basis of definition of related party, as prescribed under Section 2(76) of the Act read with the Rules framed thereunder Regulation 2(zb) of the Regulations, and Indian Accounting Standard (Ind AS) 24.

b) Identification of related party transactions:

The Company identifies related party transactions in accordance with Section 188 of the Act and Rules framed there under, Regulation 23 read with Regulation 2(zc) of the Regulations, and Indian Accounting Standard (Ind AS) 24.

c) Manner of Approval of Related Party Transactions

- All RPTs including subsequent material modifications shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the Listing Regulations.
- Prior Approval of the Audit Committee of the Company is required for RPTs to which the Company's Subsidiary is a party but the Company itself is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the Annual Standalone turnover as per the last audited financial statements of the subsidiary.
- Subject to conditions as mentioned in the Listing Regulations, the Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion and such other criteria as may be laid down by the Audit Committee in line with the provisions of SEBI (LODR), 2015 shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.

- Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm's Length Basis shall be affected only with prior approval of the Board of Directors of the Company on recommendation of Audit Committee.
- All RPT specified in the Act which are not in the Ordinary Course of Business of the Company or not at Arm's Length Basis and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval.
- Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or Listing Regulations shall not require a separate approval under this policy.
- The Threshold limits of the Related Party Transactions shall be approved by the Board of Directors.

Material Related Party Transactions:

- a) All Material Related Party Transactions and subsequent material modifications requires prior approval of the Shareholders through Resolution in addition to the approval of the Board of Directors and the Audit Committee.
- b) No Related Party shall vote to approve such resolutions.

Transaction with Wholly Owned Subsidiaries:

Provisions of Regulation 23(2), (3) and (4) of SEBI (LODR) Regulations, 2015 shall not be applicable in the following cases:

- a) Transactions entered into between a holding Company and its Wholly owned Subsidiary whose accounts are consolidated with such holding Company and placed before the Shareholders at the General Meeting for approval.

b) Transactions entered into between two Wholly-owned Subsidiaries of the Listed Holding Company, whose accounts are consolidated with such holding company and placed before the Shareholders at the General Meeting for approval.

Administrative Measures:

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party (ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned.

The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws). It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

Interpretation:

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

Related Party Transactions not approved under this policy:

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances

pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Disclosure:

The Particulars of Related Party Transactions shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and / or the Act and rules (including any Statutory modifications made thereof or re-enactments made thereunder from time to time).

The Related Party Transaction Policy shall be disclosed on the website of the Company i.e. <http://www.pocl.com> and a web link thereto shall be provided in the Annual Report.

Review and Amendments to the Policy:

The Board shall review the policy once in three years. The Board on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.